

MONTANA PUBLIC EMPLOYEES' RETIREMENT BOARD

TITLE: Board Processes

POLICY NO: BOARD Proc 01 EFFECTIVE DATE: 3/30/06

Pursuant to Montana Constitution Article VIII, Section 15(2) and Sections 19-2-409, 19-2-502 and 19-2-503, MCA, the Montana Public Employees' Retirement Board (the Board) is charged with administrating the public retirement systems under its purview as fiduciaries of the retirement systems' participants and their beneficiaries.

I. POLICY AND OBJECTIVES

- A. The Board has adopted governance principles to ensure that the retirement systems it administers are appropriately governed and managed. The Board's governance principles identify several Board responsibilities including, but not limited to:
1. electing Board officers;
 2. organizing and delegating to Board committees;
 3. establishing Board policies regarding the Board's internal operational procedures;
 4. meeting in closed session when required by law to protect the privacy of members, beneficiaries and Montana Public Employee Retirement Administration (MPERA) staff;
 5. creating and maintaining an atmosphere that encourages frank and collegial discussion between Board members and MPERA staff; and
 6. being accountable to members, beneficiaries, their representative organizations, participating public employers, and those with oversight interest.
- B. The objective of this policy is to establish processes that will ensure the above responsibilities are met.

II. APPLICABILITY

- A. This policy applies to any individual interested in Board proceedings and actions.
- B. Any interested person who desires the Board to consider a specific issue during a Board meeting shall follow the procedures outlined in this policy.

III. PROCEDURES

A. Board Officers

- 1. The Board shall elect a President and a Vice President in April of each year.
- 2. The Board President (or other presiding officer) shall be a full participating member of the board meeting for all purposes including discussion, motions and seconds.
- 3. The Board President (or other presiding officer) shall be allowed to vote on all motions and questions before the Board.
- 4. The Board President (or other presiding officer) shall meet with the Executive Director to approve the Board's meeting agendas.
- 5. The Board Vice President shall serve as President in the President's absence.

B. Board Committees

- 1. The Board's Statement of Governance Principles provides extensive guidelines regarding the purpose and creation of Board committees, appointment of Committee members, conduct of Committee meetings, and coordination between the Board, the Board's Committees and MPERA staff. Those guidelines are incorporated herein.
- 2. The Board as a whole will delegate to each Board Committee authority to act for the specific purposes outlined in the Committee's Charter.
- 3. The Committee's charter shall include, but is not limited to, the following areas:
 - a. role and authority

- b. size
- c. committee's size
- d. interplay with Executive Director and/or MPERA staff

C. Internal Operating Procedures

1. Americans with Disabilities Act

- a. The Board will comply with all applicable requirements of the Americans with Disabilities Act. Specifically, the Board will prohibit discrimination and make reasonable accommodations with respect to all programs, activities and services it provides.
- b. All Board meetings will take place in a location that is handicap accessible.
- c. All Board documents open to public inspection will be made available in an alternative accessible format upon request.

2. Agendas and Information Packets

- a. An agenda and information packet will be provided to each Board member prior to each Board meeting to ensure Board meetings are professional, efficient and productive; and to provide notice to the public regarding the issues to be discussed at the Board meeting.
- b. The Executive Director will prepare a tentative agenda prior to each Board meeting.
- c. The tentative agenda will be approved by the Board President prior to being mailed to the Board members.
- d. The MPERA will compile packets containing appropriate information for each issue listed on the agenda.
- e. The information packet and approved agenda will be mailed to each Board member no later than five working days prior to the Board meeting.

- f. The agenda will be available on MPERA's website and will be mailed to any interested persons who so request five working days prior to the Board meeting.

3. Submitting Issues and Information

- a. Any interested party may present an issue to be considered by the Board. The interested party must submit a written summary of the issue to the MPERA, along with any relevant documentation or information. If the materials are received by the MPERA at least 21 days prior to the Board meeting, the Executive Director will include the item on the tentative agenda for approval by the Board President; otherwise the issue will be included on the tentative agenda for the following meeting.
- b. The MPERA will review materials related to an issue presented by an interested party and prepare a discussion and/or agency recommendation which will be included in the information packet for the mailing required in paragraph 1.e.

4. Presenting Information and Issues At Board Meetings

- a. Pursuant to Section 2-3-103, MCA, the Board will hear public comment on any issue at the beginning of every Board meeting.
 - i. Each person wishing to provide comment will be granted five (5) minutes. However, the Board President (or presiding officer) may either limit or extend the five minutes to ensure efficient and productive use of the Board's time.
 - ii. The Board will not respond to public comment until the issue is placed on a future Board agenda.
- b. Handouts may be distributed at any Board meeting for any issue listed on the agenda. If time constraints prevent a thorough analysis of information first presented at a Board meeting, action on the issue will be rescheduled for the next meeting. The Board recommends the 21-day pre-filing procedure to avoid utilizing limited meeting time for reading and research.

- c. Pursuant to Section 2-3-103, MCA, the Board will provide the public opportunity to comment on every issue before the Board prior to the Board taking action on that issue.
- d. No action will be taken on a new issue presented to the Board until the issue appears on a Board agenda, public comment is permitted, and Board members have adequate time to familiarize themselves with the issue.
- e. The Board's minutes will reflect comments received from the public.

5. Open Meetings

- a. All meetings of the Board and the Board's committees shall be properly noticed with an agenda posted on the Board's website no less than 72 hours prior to the meeting.
- b. All meetings of the Board must be open to the public.
- c. The Board President (or other presiding officer) shall decide when a portion of a Board meeting must be closed to the public to protect the individual privacy of a member or retiree pursuant to Section 2-3-203, MCA.
- d. The portion of the Board meeting when individual disability retirements are discussed and acted upon must be scheduled as a closed meeting.

6. Board Action

- a. No action can be taken by the Board in the absence of a quorum of Board members.
- b. Assuming a quorum of the Board is present; a majority of the votes cast is required to adopt a motion.
- c. A plurality of votes is not sufficient to adopt a motion unless the plurality also constitutes a majority of the votes cast.
- d. Proxy votes are not allowed.
- e. A Board member can neither participate in the discussion nor vote on an issue in which the Board member has a direct

personal or pecuniary interest. Interests that are shared by a group are not "personal interests" for purposes of this policy. For example, Board members who are retirees may participate in decisions related to retirement benefit increases. The Board member must inform the Board of the reason for neither participating nor voting.

7. Board Meeting Minutes

- a. Appropriate minutes shall be kept for the open portion of all Board meetings and shall be available for inspection by the public pursuant to Section 2-3-212, MCA.
- b. Records kept of confidential matters discussed during closed proceedings shall be maintained separately from the public minutes and are not available for public inspection. Non-confidential matters discussed during closed proceedings will be included in the public minutes.

D. Executive Director

1. The Board's Statement of Governance Principles requires that the execution of established Board policy and strategic objectives be delegated to the Executive Director, and re-delegated through the Executive Director to MPERA staff and Board agents.
2. The Executive Director, subject to individual requests by members of the Board, is responsible to the Board for the preparation of the monthly meeting agenda.
3. Budget Preparation:
 - a. The Executive Director is responsible for the preparation of the biennial budget for the MPERA subject to Board review and approval.
 - b. Reports on the status of the current budget will be presented to the Board no less than four times each fiscal year. As part of these reports, the Executive Director shall inform the Board of any discretionary or unusual expenditure.

E. Per Diem

1. Each Board member is entitled to compensation of \$50.00 for each day the Board member is actually and necessarily engaged in the performance of Board duties, which shall include:
 - a. attending a meeting of the Public Employees' Retirement Board;
 - b. attending a meeting of a Board committee on which the member sits;
 - c. attending a meeting of the Joint Issues Committee provided the member is appointed by the Board President to serve on that committee;
 - d. attending, either at the request or with the prior approval of the Board President, a Board committee meeting, a legislative committee hearing on agency budget or retirement legislation, a meeting of the Board of Investments, a meeting of the Teachers' Retirement Board, or other similar meeting in their official capacity; and
 - e. traveling to and from such meetings.
2. No Board member who, on their own volition, attends a meeting listed in section 1 above will be entitled to compensation or other per diem
3. Unless the Board decides otherwise, no member shall be compensated for more than one day for review and study of Board meeting related materials for each meeting.
4. Board members will be compensated for actual travel time necessary, including time necessary for meals during travel, at a rate of one day per diem for each 8 hours or part thereof, as cumulated for travel to and from each meeting or other Board duty. Each Board meeting or other duty shall be considered one day for purposes of calculating per diem.

Example: 4 hours of driving necessary before a Board meeting and 4 hours necessary for the return trip would result in 2 days of per diem (including the day for the meeting). Such a scenario would result in payment of \$100 per diem.

Example: 6 hours of driving necessary before a meeting and 6 hours necessary for the return trip would result in 3 days per diem (including the day for the meeting). Such a scenario would result in payment of \$150 per diem.

Example: A 2-hour plane flight, an hour layover, and another 2-hour plane flight necessary on the way to and from a meeting would result in 1 day per diem for the travel time (plus actual meeting days).

5. A claim for per diem from Board members who are full-time salaried officers or employees of the State or a political subdivision the State constitutes an unsworn statement to a governmental authority by a fiduciary of the retirement systems that per diem is requested for Board duties performed outside regular working hours or during time charged against annual leave, as required by Section 2-15-124(7), MCA.

F. Reimbursement for Travel, Meals and Lodging

1. Board members shall be reimbursed for commercial transportation costs, personal car mileage, meals and lodging in the manner allowed by current state law and rules (Sections 2-18-501 through 512, MCA).
2. Board members will be reimbursed for travel expenses during periods actually necessary for travel to official Board functions. Therefore, while members may combine other personal or business purposes along with travel to or from official Board activities, any additional travel costs will not be reimbursed.

G. Approval and Payment of Claims

1. Board members' claims for per diem and reimbursement of travel expenses will be prepared, approved, and paid by appropriate MPERA staff in compliance with state laws, rules, and this policy.
2. Whenever a Board member believes staff has incorrectly applied this policy, the matter will be presented to the Board at a regularly scheduled meeting for its interpretation and final decision on the claim.

H. Communication with the Governor

1. The Board has a duty to inform the Governor concerning official actions and positions. Each Board member must know and understand the purpose of all correspondence the Board sends to the Governor. Therefore, each Board member will review the correspondence before it is sent to the Governor.
2. The Board will direct the Executive Director to draft official correspondence. The Executive Director will send a draft to the Board President for review and approval, before sending a copy to each Board member. Board members will comment to the Board President who will advise the Executive Director of changes. A revised draft will be sent to the Board President for final approval. The Board President will return the correspondence to the Executive Director for changes and delivery. The Executive Director will make any changes and send the correspondence to the Board President for signature. Once signed and copied, the Executive Director will deliver the correspondence to the Director of the Department of Administration, who will forward it to the Governor. Copies will be made available to all Board members.

IV. CROSS REFERENCE GUIDE

The following laws, rules or policies may contain provisions that apply to this policy. The list should not be considered exhaustive - others may apply.

Montana Constitution Article VIII, Section 15
Board's Statement of Governance Principles
Title 2, Chapter 18, Part 5, MCA
Title 2, Chapter 3, Parts 1 and 2, MCA
Sections 19-2-401 and -403, MCA
ARM 2.43.203

V. HISTORY

G3-92.1 Board Agenda
Originally approved March 1992
Amended April 22, 1998
Amended May 26, 2005
G5-92 Board Meetings, Minutes & Role of Board Chair
Originally approved May 1992
Amended May 26, 2005

- G7-90 Administrator – Signature Authority and Monthly Meeting Agenda
Originally approved July 1990
Amended May 26, 2005
- G11-89 Administrator – Budget Preparation
Originally approved November 1989
Amended May 26, 2005
- GB3-94 Per Diem and Travel Expenses
Originally approved March 1994
Amended May 26, 2005
- GB3-97 Correspondence to Governor
Originally approved March 1997
Amended April 22, 1998
Amended May 26, 2005